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Report To General Assembly
Review of Teacher Salary Revenues

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November 1988

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Introduction

The following paper addresses the specific question raised in the FY 88-89 Appropriation Act, Proviso 30.38. The proviso requires that a compliance audit of the Education Finance Act be released by the Audit Council by January 1, 1989 and that it include:

... an accounting of the funds used from EFA and local sources for salaries related to positions used in the computation of the S.C. average teacher salary.

Teacher salaries are funded from four sources: Education Finance Act (EFA); Education Improvement Act (EIA); local sources; and federal sources. To address the Proviso, salary information had to be separated by revenue source. The following sections detail the methodologies employed in the research.

Description of Methodology

The following section outlines the methodology used in compiling information on teacher salary revenues. The central elements of population and salary revenue/expenditures are detailed.

Identification of Population

Teachers whose salaries are used in the computation of the South Carolina average teacher salary must meet the following criteria:

- (a) Occupy BEDS position codes 03-09 (professional instructional staff).
- (b) Hold a valid South Carolina teaching certificate.
- (c) Be employed on a full-time basis (FTE = 1.0).
- (d) Be employed for at least 190 days.

This is a subsection of the total population of professional instructional staff. The subpopulation consisted of 33,219 full-time equivalent positions (FTE) out of a total 35,193 instructional staff in FY 86-87.

Identification of
Revenues/Expenditures

Revenues for salary expenditures for the subpopulation under review, as noted, are received from four sources: EFA, EIA, local, and federal. To account for the funds as mandated by the Proviso, these sources had to be separated. All EFA program revenues, which include teacher salaries, are deposited to the districts' general fund accounts in a statewide average ratio of 70% state funds to 30% local funds. EIA program funds and federal funds are deposited to separate accounts. However, according to SDE policy, EIA supplement funds (salary increase funds) can be deposited to the general fund or accounted for separately since adequate audit trails are maintained for these funds.

Since state and local EFA program funds are deposited in the districts' general fund accounts, expenditures for salaries of the subpopulation could not be identified by state and local source. This practice is in accordance with standard procedures for governmental units. There is no information available which identifies the state and local source for EFA funds expended for teacher salaries in the subpopulation under study. As a result, the statewide average EFA funding ratio of 70% state funds and 30% local funds was assumed to be the same ratio at which salaries were expended for teachers in the subpopulation.

Federal funds expended for all instructional staff salaries are accounted for in a separate account. These expenditures for the subpopulation can be identified from the "Professional Certified Staff Listings."

EIA supplement funds can be accounted for separately or recorded in the districts' general fund accounts with state and local EFA funds. However, EIA supplement funds expended for the subpopulation could be traced to the "Professional Certified Staff Listings."

At the district level, salaries expended from EIA program funds, other than the EIA supplement, are accounted for separately and this information is captured by SDE from district audit reports. However, there is no information at the state level to determine the number of teachers in the subpopulation which are paid from these funds. This can be determined at the local level by tracing each individual in the subpopulation from the "Professional Certified Staff Listing" to district payroll reports. Compiling this information is a tedious process since it must be extracted manually. Therefore, it was not a viable alternative for this study. As a result, the salary breakdown by funding source for the subpopulation was estimated from information available at the state level.

Procedures for Estimating Salary Breakdown

Assumptions based on information available at SDE:

- (1) The 1987 South Carolina average teacher salary figure is composed of:
 - \$19,637 - EFA base
 - \$ 2,310 - EIA supplement
 - \$ 1,254 - Residual amount
 - \$23,201 South Carolina average teacher salary figure FY 86-87
- (2) The residual figure represents the amount of funding districts are providing above the state minimum salary schedule.
- (3) EFA funds for salaries of the subpopulation are expended by districts at a statewide average of 70% state and 30% local.
- (4) In FY 86-87, there were 33,219 teachers in the 03-09 positions on the "Certified Professional Staff Listings" used in the computation of the South Carolina average teacher salary.

To break down the salary funding by EFA, EIA, local, and federal sources, we first had to determine the number of full-time equivalent positions (FTEs) in the subpopulation which were funded by EFA, EIA, and federal sources. Although EIA supplement funds can be deposited in the districts' general fund

accounts, all teachers in the subpopulation, except those who are federally funded, could be identified from the "Professional Certified Staff Listings" as receiving an EIA supplement. Teachers are not eligible to receive EIA salary supplements for the portion of their salaries funded by federal dollars. SDE computed the average EIA supplement necessary to bring teachers up to the southeastern average as \$2,310.

To determine the number of FTEs funded by other EIA program funds (not including EIA supplement funds), SDE extracted from the district audit reports the instructional staff salaries paid from these funds. This figure was approximately \$48 million. Teacher aide salaries were subtracted from this total since these salaries are not considered in computing the South Carolina average teacher salary. SDE estimated teacher aide salaries to be approximately \$12.6 million since data was not available to verify the number of teacher aides funded by other EIA program funds. The amount of \$35.4 million was identified as other EIA program funds expended for the subpopulation under review. The number of FTEs was obtained by dividing \$20,891 (the difference of the average teacher salary and the average EIA supplement: $\$23,201 - \$2,310 = \$20,891$) into the EIA salary figure of \$35.4 million. The EIA supplement was subtracted since it has already been computed for those teachers funded by other EIA program funds. The number of FTEs in the subpopulation under review which were funded by other EIA program funds was calculated as 1,694.51.

The number of instructional staff in the subpopulation which were fully or partially funded by federal funds was identified from each district's "Professional Certified Staff Listing." The federal portion of each teacher's salary used in the computation of the average salary totaled \$24,811,732. This figure was divided by \$23,201 (South Carolina average teacher salary) to determine the number of FTEs in the subpopulation funded by federal dollars (1,069.43).

The number of instructional staff funded by other EIA program funds (1,694.51) and federal funds (1,069.43) was subtracted from the total subpopulation (33,219). Of the total

subpopulation, this left 30,455.06 FTEs funded by EFA funds (70% state and 30% local). This breakdown by funding source is summarized as follows.

Table 1: Summary of Salary Breakdown by Funding Source for the Subpopulation of 03-09 Positions FY 86-87

Salary Source	Number of FTEs	Amount Per FTE	Total Dollar By Source
EFA Base	30,455.06	\$19,637	\$598,046,013
EIA Supplement	32,149.57	2,310	74,265,507
Other EIA Program	1,694.51	20,891	35,400,000*
Federal Program	1,069.43	23,201	24,811,732*
Residual	.	.	38,190,767
Total		(33,219 x \$23,201)	\$770,714,019

*Total dollar figure may vary due to rounding of FTE's.
Source: Legislative Audit Council

Based on the above information, the percentage of total salaries from EFA, EIA, federal, and local sources for salaries related to positions (03-09) used in the computation of the South Carolina average teacher salary follows:

Table 2: Percentage of Total Salaries by Funding Source

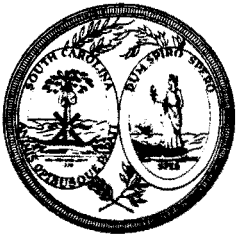
EFA	EIA	Federal	Local
\$418,632,209(70%)	\$74,265,507	\$24,811,732	\$179,413,804(30%)
	35,400,000	.	38,190,767
\$418,632,209	\$109,665,507	\$24,811,732	\$217,604,571
54.4%	14.2%	3.2%	28.2%

Source: Legislative Audit Council

Conclusion

This breakdown by revenue source is based on unaudited data. Some of the figures used in determining this breakdown were based on assumptions and estimations using the best data which was available at SDE. To verify salary expenditures for the subpopulation would require that the state and local portions of EFA funds currently deposited in each school district's general fund account be accounted for separately. Additionally, EFA (state and local), EIA, federal, and local fund expenditures would have to be compiled by school districts for the FTE positions which meet the criteria for determining the South Carolina average teacher salary.

Appendix



STATE OF SOUTH CAROLINA

DEPARTMENT OF EDUCATION

COLUMBIA 29201

November 1, 1988

Charlie G. Williams
State Superintendent of Education

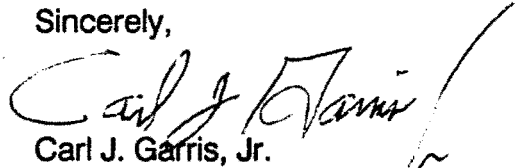
Mr. George L. Schroeder, Director
Legislative Audit Council
620 NCNB Tower
Columbia, South Carolina 29201

Dear Mr. Schroeder:

We appreciate the opportunity to review the draft audit report regarding teachers salary revenue. In our opinion the legislative intent of the proviso mandating this study in the 1988-89 Appropriation Act is not clearly stated. However, following the assumptions made by your staff, the Department feels that the information is accurately portrayed. Since many of the components were not readily available at the state level, the model constructed by your staff seems to be reasonable.

If we can provide further information please let us know.

Sincerely,


Carl J. Garris, Jr.
Deputy Superintendent
Division of Finance and Operations

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